

Message Text

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PAGE 01 STOCKH 04379 101601Z

44

ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 COME-00 INT-08 SCEM-02 SCI-06

OMB-01 TRSE-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

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USIA-15 ACDA-19 IO-14 DRC-01 NEA-10 AEC-11 /186 W

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R 101515Z DEC 73

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 1115

INFO USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY OSLO

USMISSION OECD PARIS

UNCLAS STOCKHOLM 4379

E.O. 11652: N/A

TAGS: ECON, EIND, ENRG, ETRN, SW

SUBJECT: GOS TIGHTENS GRIP ON FUEL SITUATION

1. SUMMARY: AMID RISING CONCERN ABOUT ENERGY SITUATION SWEDISH GOVERNMENT IS MOVING TO TIGHTEN ITS CONTROL OVER PETROLEUM SUPPLY. IT HAS ESTABLISHED ADMINISTRATIVE BODIES TO DEAL WITH PROBLEM, SET PRICE CEILINGS ON OIL AND GASOLINE, CREATED FUND TO ENABLE ECONOMIC DEFENSE BOARD TO PURCHASE PETROLEUM PRODUCTS ON OPEN MARKET, INSTRUCTED BOARD TO STUDY FEASIBILITY OF IMPORTING CRUDE DIRECTLY FROM OIL-PRODUCING COUNTRIES, AND PREPARED TO IMPLEMENT GAS RATIONING JANUARY 8. DURING PARLIAMENTARY DEBATE ON ENERGY PRIME MINISTER PALME WARNED OF SERIOUSNESS OF PRESENT SITUATION AND INDUSTRY MINISTER JOHANSSON PROPOSED EXPANDING SWEDEN'S REFINING CAPACITY AND SIGNING LONG-TERM AGREEMENTS WITH NORWAY AND THE USSR, BUT GOVERNMENT ANNOUNCED POSTPONEMENT UNTIL 1975 OF ANY

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STOCKH 04379 101601Z

DECISION TO BUILD SECONDDGENERATION NUCLEAR POWER PLANTS.

END SUMMARY.

2. SWEDISH PRIME MINISTER PALME, ASSISTED BY COMMERCE MINISTER FELDT AND INDUSTRY MINISTER JOHANSSON, ANNOUNCED AT PRESS CONFERENCE DECMEBER 6 GOS DECISION TO SET UP VARIOUS ADMINISTRATIVE BODIES TO MANAGE FUEL SHORTAGE. COMMERCE MINISTER FELDT WILL BE RESPONSIBLE FOR SHORT-TERM ENERGY SUPPLIES AS CHAIRMAN OF A NATIONAL SUPPLY COMMISSION, WHICH WILL NCLUDE RE**ESENTATIVES OF INVOLVED MINISTRIES AND GOVERNMENT AGENCIES. LONG-TERM ENERGY SUPPLY PLANNING WILL BE CARRIED OUT BY AN ENERGY POLICY COMMITTEE UNDER CHAIRMANSHIP OF FORMER NATIONAL POWER BOARD CHIEF ERIK GRAFSTROM. THIRD BODY, AN ENERGY COUNCIL CONSISTING OF AT LEAST 100 PEOPLE, WILL BE UNDER CHAIRMANSHIP OF PRIME MINISTER PALME. BROAD COMPOSITION OF ENERGY COUNCIL, WHICH WILL INCLUDE MINISTERS, REPRESENTATIVES OF POLITICAL PARTIES, UNIONS, AGRICULTURE, INDUSTRY, OIL COMPANIES, BUSINESS, POWER INDUSTRY, HOUSING, UNIVERSITIES, AND ENVIRONMENTAL PROTECTION ORGANIZATIONS, IS INTENDED TO MAKE IT GENERAL FORUM FOR DISCUSSION AND EXCHANGE OF INFORMATION.

3. GOS ALSO ANNOUNCED THAT PRICE AND CARTEL OFFICE WOULD HENCEFORTH EXERCISE CONTROL OF PRICES BY SETTING CEILINGS FOR OIL AND GASOLINE WHICH WOULD BE SUBJECT TO ADJUSTMENT AS REQUIRED BY PRICE CHANGES IN COUNTRIES IN CPARABLE SITUATION.

4. ECONOMIC DEFENSE BOARD HAS RECEIVED SKR 200 MILLION (ABOUT \$45 MILLION) FROM EMERGENCY BUDGET CREDIT TO PURCHASE PETROLEUM PRODUCTS ON OPEN MARKET. BOARD ALSO INSTRUCTED TO STUDY MEANS OF SECURING COUNTRY'S LONGER-TERM OIL SUPPLY BY "ESTABLISHING DIRECT CONTACT WITH OIL-PRODUCING COUNTRIES."

5. PLANS TO RATION GASOLINE EFFECTIVE JANUARY 8 ARE PROCEEDING. CARDS FOR 80 LITERS PER VEHICLE WILL BE DISTRIBUTED THIS WEEK. NO PERIOD HAS BEEN SET FOR USE OF THIS RATION, ALTHOUGH FOUR WEEKS IS GENERAL EXPECTATION. COMMERCIAL AND PROFESSIONAL VEHICLES UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STOCKH 04379 101601Z

WILL RECEIVE EXTRA QUOTA. RATIONING AUTHORITY ENVISAGES POSSIBILITY OF GENERAL TEST OF NEED TO OBTAIN FURTHER QUOTA OF GASOLINE AFTER INITIAL 80-LITER RATION HAS BEEN USED.

6. GOVERNMENT ALSO ANNOUNCED THAT NO DECISION WOULD BE MADE ABOUT SECOND GENERATION OF NUCLEAR POWER PLANTS UNTIL 1975, RATHER THAN IN 1974 AS PROPOSED BY POWER SECTOR,

PENDING STUDY OF RISKS, WASTE DISPOSAL, AND ENVIRONMENTAL CONSIDERATIONS. THIS POSTPONEMENT WHICH WAS REQUESTED BY RIKSDAG'S ECONOMICS COMMITTEE, AFFECTS PROJECTED PLANTS ACCOUNTING FOR 15 OF TOTAL OF 23 GW NUCLEAR POWER OUTPUT BY 1990. SWEDEN'S ONLY EXISTING COMMERCIAL NUCLEAR POWER PLANT OF 440 MW, OSKARSHAMN I AT SIMPEVARP, CURRENTLY NOT FUNCTIONING BECAUSE OF TURBINE BREAKDOWN.

7. DURING PARLIAMENTARY DEBATE OF ENERGY QUESTION ON DECEMBER 7, INDUSTRY MINISTER JOHANSSON PROPOSED THAT SWEDEN'S OIL REFINING CAPACITY BE RAISED FROM PRESENT ONE-THIRD OF COUNTRY'S REQUIREMENTS. PRESS REPORTS SAY THIS WILL BE DONE BY APPROVING EXISTING REQUESTS TO EXPAND PRESENT REFINERIES. HE SAID THAT LONG-TERM AGREEMENTS FOR DELIVERY OF OIL AND NATURAL GAS SHOULD BE SIGNED WITH NORWAY AND SOVIET UNION, AND THAT FURTHER EXPANSION OF HYDROELECTRIC PLANTS SHOULD BE STUDIED.

8. DURING DEBATE PRIME MINISTER PALME STATED THAT SWEDEN DID NOT INTEND TO ALTER BASICS OF ITS FOREIGN POLICY TO GET OIL. "HOWEVER, PRESENT SITUATION MUST BE SEEN WITH DEEP CONCERN. THE INTERNATIONAL CRISIS WILL CAUSE SERIOUS REPERCUSSIONS IN OUR COUNTRY. IT WILL HAVE SERIOUS EFFECT ON OUR LIVES AND THE LIVING STANDARD WE HAVE LEARNED TO REGARD AS SELF-EVIDENT." CENTER PARTY LEADER FALLDIN AND LIBERAL PARTY LEADER HELEN WERE ON WHOLE SATISFIED WITH GOVERNMENT'S ACTIONS, WHILE MODERATE PARTY LEADER BOHMAN CRITICIZED ITS WEAK PREPAREDNESS FOR CRISIS. COMMUNIST PARTY REPRESENTATIVE JORN SVENSSON CALLED FOR NATIONALIZATION OF OIL COMPANIES.

9. IRONICALLY, ELECTRICITY CONSUMPTION DURING FIRST WEEK OF VOLUNTARY SAVING CAMPAIGN WAS UP 6 PERCENT OVER UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STOCKH 04379 101601Z

FIGURE FOR SAME WEEK LAST YEAR. EVEN AFTER CORRECTION FOR EARLY ONSET OF WINTER THIS YEAR, CONSUMPTION HAS NOT DECREASED. GOVERNMENT MUST THEREFORE INTENSIFY ELECTRICITY-SAVING CAMPAIGN.
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